

# **Africa Relief and Community Development, Inc., and Subsidiaries**

Consolidated Financial Report  
December 31, 2022  
With Comparative Totals for 2021

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## Independent Auditor's Report

Board of Trustees  
Africa Relief and Community Development, Inc. and Affiliate  
Clifton, New Jersey

### Opinion

We have audited the accompanying consolidated financial statements of Africa Relief and Community Development and Affiliate (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2022 and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2022 and the changes in its net assets, its cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date the financial statements are available to be issued.



## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

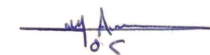
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Prior Year's Summarized Comparative Information**

The financial statements of the Organization as of December 31, 2021 and for the year ended were unaudited.

Clifton, New Jersey  
September 12, 2023



Amr M. Ibrahim, CPA CGMA  
NJ License# 20CC03974700



**Africa Relief and Community Development, Inc. and Subsidiaries**  
**Consolidated Statement of Financial Position**

As of December 31, 2022  
(With Comparative Totals for 2021)

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 782,993	\$ 285,006
Contributions receivable, net	682,836	553,660
Prepaid expenses and other current assets	159,761	403,155
Property and equipment, net	15,233	14,921
Rights-of-Use Asset, net	57,998	-
Other Assets	8,332	7,500
<b>TOTAL ASSETS</b>	<b>\$ 1,707,152</b>	<b>\$ 1,264,242</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Accounts payable, accrued expenses and other liabilities	\$ 687,625	\$ 214,123
Lease Liability	58,950	0
<b>Total Liabilities</b>	<b>746,574</b>	<b>214,123</b>
<b>Net Assets</b>		
Without Donors Restrictions	64,068	(70,766)
With Donors Restrictions	896,510	1,120,885
<b>Total Net Assets</b>	<b>960,578</b>	<b>1,050,119</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,707,152</b>	<b>\$ 1,264,242</b>

See notes to financial statements

**Africa Relief and Community Development, Inc and Subsidiaries**  
**Consolidated Statement of Activity**

Year Ended December 31, 2022

(With Comparative Totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Public Support and Revenue</b>				
<b>Public Support</b>				
Contributions	\$ 7,863	\$ 4,600,644	\$ 4,928,507	\$ 3,975,100
Special Events Contributions		807,100	807,100	-
Less: Direct Expense of Special Events		(18,947)	(18,947)	-
Special Events Contributions, Net		788,153	788,153	-
Matching Contributions	40,804	24,550	65,354	19,548
Contributed Service and Property	-	3,927,337	3,927,337	463,360
<b>Total Public Support</b>	<b>368,667</b>	<b>9,340,684</b>	<b>9,709,352</b>	<b>4,458,008</b>
<b>Revenue</b>				
Misc. Income	401	-	401	6,000
Interest Income	2,670		2,670	
Governmental Revenue	-	-	-	108,286
<b>Total Revenue</b>	<b>3,071</b>	<b>-</b>	<b>3,071</b>	<b>114,286</b>
<b>Net Assets Released from Restrictions</b>	9,565,059	(9,565,059)	-	-
<b>Gross Public Support and Revenue</b>	<b>9,936,797</b>	<b>(224,375)</b>	<b>9,712,423</b>	<b>4,572,293</b>
<b>Expenditures</b>				
<b>Program Services</b>				
Water Wells	1,452,718	-	1,452,718	997,359
Educational Centers	2,918,753	-	2,918,753	783,996
Healthcare	3,911,008	-	3,911,008	529,566
Food Aid	367,229	-	367,229	322,489
Orphans Sponsorship	374,322	-	374,322	196,895
Other Programs	102,409	-	102,409	179,376
<b>Total Programs Services</b>	<b>9,126,439</b>	<b>-</b>	<b>9,126,439</b>	<b>3,009,682</b>
<b>Supportive Services</b>				
Management and General	107,302	-	107,302	150,006
Fundraising	568,223	-	568,223	413,035
<b>Total Supportive Services</b>	<b>675,524</b>	<b>-</b>	<b>675,524</b>	<b>563,041</b>
<b>Total Expenditures</b>	<b>9,801,964</b>	<b>-</b>	<b>9,801,964</b>	<b>3,572,723</b>
<b>Change in Net Assets</b>	<b>134,834</b>	<b>(224,375)</b>	<b>(89,541)</b>	<b>999,570</b>
<b>Net Assets</b>				
Beginning of Year	(70,766)	1,120,885	1,050,119	50,549
<b>End of Year</b>	<b>\$ 64,068</b>	<b>\$ 896,510</b>	<b>\$ 960,578</b>	<b>\$ 1,050,119</b>

See notes to financial statements

**Africa Relief and Community Development, Inc. and Subsidiaries**  
**Consolidated Statement of Functional Expenses**  
Year ended December 31, 2022  
(With Comparative Totals for 2021)

	2022										2021	
	Program Services						Supporting Services					Total
	Water Wells	Educational Centers	Healthcare	Food Aid	Orphans Sponsorship	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries, Payroll Taxes and other employee benefits	\$ 38,558	\$ 66,543	\$ 120,723	\$ 9,407	\$ 8,015	\$ 1,907	\$ 245,152	\$ 46,188	\$ 214,674	\$ 260,863	\$ 506,015	\$ 349,162
Occupancy Expenses	5,641	11,645	14,709	1,432	1,508	414	35,349	10,903	24,803	35,706	71,055	51,102
Office/General Administrative Expenditures	3,258	6,049	9,545	1,687	752	9,191	30,483	5,270	141,725	146,995	177,478	122,999
Professional Fees	1,106	2,238	2,952	279	288	25,078	31,941	40,151	127,148	167,299	199,240	186,579
Programs Expenses	1,403,369	2,833,669	3,756,371	353,974	364,079	65,974	8,777,436	-	-	-	8,777,436	2,783,891
Travel	2,712	6,746	5,302	1,061	927	280	17,027	1,466	53,864	55,330	72,356	71,776
<b>Total expenses before Depreciation and other expenses</b>	<b>1,454,644</b>	<b>2,926,890</b>	<b>3,909,601</b>	<b>367,840</b>	<b>375,569</b>	<b>102,844</b>	<b>9,137,388</b>	<b>103,978</b>	<b>562,215</b>	<b>666,193</b>	<b>9,803,580</b>	<b>3,565,509</b>
<b>Total Depreciation and other expenses</b>	<b>(1,926)</b>	<b>(8,137)</b>	<b>1,407</b>	<b>(610)</b>	<b>(1,246)</b>	<b>(435)</b>	<b>(10,948)</b>	<b>3,323</b>	<b>6,008</b>	<b>9,331</b>	<b>(1,617)</b>	<b>7,214</b>
<b>Total Expenses</b>	<b>\$ 1,452,718</b>	<b>\$ 2,918,753</b>	<b>\$ 3,911,008</b>	<b>\$ 367,229</b>	<b>\$ 374,322</b>	<b>\$ 102,409</b>	<b>\$ 9,126,439</b>	<b>\$ 107,302</b>	<b>\$ 568,223</b>	<b>\$ 675,524</b>	<b>\$ 9,801,964</b>	<b>\$ 3,572,723</b>

See notes to financial statements

**Africa Relief and Community Development, Inc. and Subsidiaries**  
**Consolidated Statement of Cash Flow**

Year Ended December 31, 2022  
(With Comparative Totals for 2021)

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ -89,541	\$ 999,570
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,688	3,391
Lessee's amortization of Right-of-Use Assets	951	-
Changes in Security Deposits	(832)	(7,500)
<b>Changes in operating assets and liabilities</b>		
Decrease (increase) in Contributions receivable	(129,176)	(553,660)
Decrease (increase) in Prepaid expenses and other assets	243,394	(403,155)
Increase (decrease) in Accounts payable and accrued expenses	473,502	178,751
<b>Net cash provided by (used in) operating activities</b>	<b>593,528</b>	<b>(782,173)</b>
<b>Cash Flows from Investing Activities</b>		
Decrease (Increase) in Fixed Assets Purchases - Leasehold Improvement	-	(6,755)
Decrease (Increase) in Fixed Assets Purchases - Furniture and Fixtures	-	(8,308)
Decrease (Increase) in Fixed Assets Purchases - Equipment	(6,000)	(3,250)
<b>Net cash provided by (used in) financing activities</b>	<b>(6,000)</b>	<b>(18,313)</b>
<b>Cash Flows from Financing Activities</b>		
Increase (decrease) in Loans payable	-	(23,250)
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>(23,250)</b>
<b>Net (decrease) increase in cash and cash equivalent</b>	<b>497,987</b>	<b>175,834</b>
<b>Cash and cash equivalents</b>		
Beginning of year	285,006	109,172
End of year	<b>\$ 782,993</b>	<b>\$ 285,006</b>
See notes to financial statements		



## Notes to consolidated financial statements.

### Note 1. Nature of Organization

Africa Relief and Community Development, Inc. (ARCD) is a not-for-profit organization was organized under the New Jersey Nonprofit Corporation Act NJSA 15A:9-4 of the New Jersey Revenue and Taxation Code. ARCD works to improve lives in developing communities in Africa. ARCD's thematic programs are devoted to water wells, Educational Centers, Healthcare, Food Aid, Orphans and Students' Sponsorships, Livelihood and Sustainable Development and other programs.

ARCD obtains primarily financial support from the public, primarily individuals and foundations, but also estates, trusts and businesses. ARCD does seek and accept financial support from government or government-funded agencies.

The ARCD financial statements as of December 31, 2022, include entities. These entities listed below (official local name included in some instances) were established to support ARCD primarily through the promotion of improving lives in developing communities in Africa by directly or indirectly funding it through fundraising campaigns and collected contributions from the public. These entities, over which ARCD maintains operational control and oversight, are listed below:

- Gambia: Branch of Africa Relief and Community Development.
- Djibouti: Branch of Africa Relief and Community Development.  
(There was no activity during 2022)

### Note 2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Africa Relief and Community Development, Inc., and branches and charitable affiliates. All intercompany balances and transactions have been eliminated in consolidation. The functional currencies of the branches are translated into ARCD's reporting currency, United States Dollars.

### Note 3. Summary of Significant Accounting Policies

**Basis of presentation:** The consolidated financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations. In the consolidated statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

**Financial statement presentation:** The classification of ARCD's net assets and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets, without donor restrictions and with donor restrictions, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### Note 3. Summary of Significant Accounting Policies (Continued)

**Cash and cash equivalents:** ARCD consider all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

**Contributions receivable and allowances:** ARCD reports unconditional promises to give as contributions. Promises to give are initially reported at fair value in the period the donor's commitments are received. If amounts are expected to be collected within one year, they are recorded at net realized value. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discounts is included in contributions revenue.

ARCD uses the allowance method for uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis and evaluation of specific promises made. While management uses the best information available to make its evaluation. Future adjustments to the allowance may be necessary if there are significant changes in economic conditions.

**Fixed assets:** Fixed assets are recorded at cost when purchased. Fixed assets in the United States (U.S.) costing in excess of \$2,500, are capitalized at cost. The capitalization thresholds of fixed assets in ARCD foreign offices vary based on local rules and policies. Depreciation is computed on an accelerated basis or on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

	<u>Years</u>
	Remaining term of lease
Leasehold improvements	7
Furniture and fixtures	5
Office equipment	5
Computer hardware and software	5

**Impairment of long-lived assets:** ARCD follows the provisions of ASC 360-10-35, Accounting for the Impairment or Disposal of Long-lived Assets, which requires ARCD to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended December 31, 2022, there have been no such losses.

**Contributed services:** Contributed services are recognized as contributions in accordance with the accounting standard relating to accounting for contributions received if the services: (a) create or enhance financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ARCD. In addition, many individuals volunteer their time and perform a variety of tasks that assist ARCD. The services provided by volunteers were not recognized in the consolidated financial statements, because they do not meet the criteria of this standard.

**Revenue recognition:** The operations of ARCD are financed principally by foundation grants and contributions received from the general public. Grants and contributions are reported at estimated fair value on the date they are received. Unconditional grants and contributions received are recorded as support without donor restrictions or support with donor restrictions depending on the existence or absence of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional grants and contributions with a barrier and a right of return are not recognized until the conditions are met. Revenue for special events is recognized when the event takes place.

### **Note 3. Summary of Significant Accounting Policies (Continued)**

**Use of estimates:** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and other disclosures in the consolidated financial statements. Accordingly, actual results could differ from those estimates.

**Reclassification:** Certain amounts reported in the prior year in consolidated financial statements have been reclassified to conform to current year's presentation.

**Income taxes:** ARCD is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, has made no provision for income taxes in the accompanying consolidated financial statements. ARCD has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the IRC. ARCD did not have unrelated business income taxes for the years ended December 31, 2022.

**Accounting for uncertainty in income taxes:** Under ASC 740, Income Taxes, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will not be sustained upon examination by a taxing authority. ARCD does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. ARCD has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, ARCD has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended December 31, 2022, there was no interest or penalties recorded or included in the consolidated statement of activities. Under IRS statutes with few exceptions, ARCD is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for three years from the filing date.

**Concentration of credit risk:** Financial instruments that potentially subject ARCD to concentration of credit risk consist primarily of cash and cash equivalents. At various times, ARCD has cash deposits at financial institutions which exceed the FDIC insurance limits. ARCD believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Leases:** ARCD has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the consolidated financial statements. ARCD recognizes lease liabilities with an initial, individual value of \$25,000 or more with a lease term of greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, ARCD initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

### **Note 3. Summary of Significant Accounting Policies (Continued)**

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Authority has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how ARCD determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- ARCD uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, ARCD generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that ARCD is reasonably certain to exercise.

ARCD monitors changes in circumstances that would require a measurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term accrued expenses on the statement of net position.

#### **Recently adopted accounting pronouncement:**

ARCD adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods and services to customers. The adoption of ASU 2014-09 did not have an impact on ARCD's financial position, activities, net assets or cash flows as of the adoption date or for the year ended December 31, 2022.

In February 2016, FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the consolidated statement of activities, as well as the effect on the consolidated statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In June 2020, the FASB issued ASU 2020-05, which defers the effective of ASU 2016-02, making it effective for annual reporting periods beginning after December 15, 2021. ARCD implemented this ASU on this set of consolidated financial statements.

#### **Recently adopted accounting pronouncement**

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update clarifies the presentation and disclosure of contributed nonfinancial assets, including fixed assets and other items. The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The Update is effective for fiscal years beginning June 15, 2021. ARCD implemented this ASU on this set of consolidated financial statements.

**Note 4. Liquidity and Availability of Resources**

The following represents ARCD's available financial assets as of December 31 to meet general expenditures over the next 12 months:

	<u>2022</u>	<u>2021</u>
Financial assets at December 31:		
Cash and cash equivalents	\$ 782,993	\$ 285,006
Contributions receivable	682,836	553,660
Other receivables 159,761	159,761	403,155
Total financial assets on December 31	<u>1,625,590</u>	<u>1,241,821</u>
Less amounts not available for use within one year:	-	-
Financial assets available to meet general expenditures within one year	<u>\$ 1,625,590</u>	<u>\$ 1,241,821</u>

ARCD considers its unrestricted cash and cash equivalent balance, contributions, and other receivable that are expected to be collected within 12 months, and contributions restricted by donors that are expected to be spent within 12 months to be available for general operations.

ARCD regularly monitors liquidity required to meet its annual operating needs and other contractual commitments.

**Note 5. Property, Plant and Equipment, Net**

Fixed assets, net as of December 31, consist of the following:

	<u>2022</u>	<u>2021</u>
Fixed Assets		
Leashold Improvements	\$ 6,755	\$ 6,755
Furniture and Fixtures	8,308	8,308
Equipment	9,250	3,250
Less: Accumulated Depreciation	<u>(9,080)</u>	<u>(3,391)</u>
Total Fixed Assets	<u>\$ 15,233</u>	<u>\$ 14,921</u>

Depreciation expenses for the year ended December 31, 2022 was \$5,688.

**Note 6. Net Assets with Donor Restrictions**

Net assets with donor restrictions were available for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Donor-imposed restrictions to support ARCD programs	\$ 896,510	\$ 1,120,885

Net assets with donor restrictions that were released from donor restrictions at December 31:

	<u>2022</u>	<u>2021</u>
Donor-imposed restrictions to support ARCD programs	\$ 9,565,059	\$ 3,009,682

**Note 7. Functional Allocation of Expenses**

The cost of providing services to the various programs and other activities has been summarized on an individual basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on specific identification or allocation rates established by management. Executive director office related salary expenses are allocated among programs and supporting services based on employees' time and effort. The following expenses are allocated consistently based on staff headcount:

- Fringe benefits and other employee costs
- Occupancy costs
- Certain Office/General Administrative Expenses
- Depreciation

All other expenses are charged directly to either program or supporting function.

**Note 8. Lease Liability**

ARCD recognized in the statement of activities the following balances relating to the lease liabilities:

	<u>2022</u>
Depreciation charge of right-of-use assets	\$ 16,571
Interest Expense	<u>3,164</u>
	<b>19,735</b>
Opening balance on commencement date	74,569
Lease payments	(18,783)
Interest accrued	<u>3,164</u>
<b>Lease Liability as of December 31, 2022</b>	<b>\$ 58,950</b>

ARCD adopted the FASB issued ASU2016-02, Accounting for Leases for year ended December 31,2022.

**Note 9. Retirement Plan**

ARCD has a defined contribution plan (the plan) under Section 403(b) of the IRC. Participating employees make pretax contributions of up to the maximum allowable IRS limitations. All full time U.S. employees are eligible to participate in the Plan after one year of continuous service. Upon participation in the Plan, employees are 100% vested in their contributions. ARCD also makes a discretionary contribution based upon a percentage of an employee's salary, which become 100% vested after 2 years of continuous employment.

**Note 10. Contributed Nonfinancial Assets:**

ARCD received the following contributions of nonfinancial assets for the years ended December 31,

	<u>2022</u>	<u>2021</u>
Medical Equipment and Supplies	\$ 3,612,600	\$ 463,360
School Furniture and Supplies	314,737	-
	<u>\$ 3,927,337</u>	<u>\$ 463,360</u>

ARCD ship and donate immediately these items to local hospitals and schools in Africa. Contributed nonfinancial items are valued at the fair market value on the date of the contribution. ARCD determined the fair value and on the basis of recent comparable sales prices in the United States. The contributed nonfinancial assets above do not have any donor-imposed restrictions for the years ended December 31, 2022 and 2021.

**Note 11. Other Programs**

Other programs as presented in the accompanying consolidated statements of activities and functional expenses consist of the following for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Cataract (Fight Blindness)	\$ 34,866	\$ -
Livelihood and Sustainable Development	31,976	12,252
Emergency / Crisis	27,708	-
Students Sponsorship	7,859	9,457
Other Programs	-	<u>157,667</u>
Total Other Programs Services Expenses	\$ 102,409	\$ 179,376

**Note 12. Subsequent Events**

ARCD's management has performed subsequent events procedures through September 12, 2023, which is the date the consolidated financial statements were available for issuance. The following events occurred after December 31, 2022:

- ARCD established a new branch office in Ghana.